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May 21, 1998

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MAY 21 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
Room 222  
1919 M. Street, NW  
Washington, D.C. 20554

Re: Oral Ex Parte Presentation:  
Iowa Telecommunications and Technology Commission Petition for Waiver,  
CC Docket No. 96-45: AAD/USB File No. 98-37

Dear Ms. Salas:

The Rural Iowa Independent Telephone Association (RIITA) hereby reports an oral ex parte presentation in the above-referenced proceeding on May 20 and May 21, 1998. In its ex parte presentation, RIITA discussed its opposition to the Iowa Communications Network's (ICN) request that the ICN be classified as a telecommunications carrier in order to be eligible for reimbursement under the Schools and Libraries Universal Service Program. As part of its oral presentation, RIITA furnished the attached handout summarizing its position.

RIITA's presentation was made to the following FCC staff members; Kyle Dixon, Irene Flannery, Ruth Milkman, Valerie Yates, Irene Flannery, Kevin Martin and Paul Gallant. Representing RIITA at these presentations was Judy Pletcher, J.R. Brumley, and Don Jennings, accompanied by Marie Guillory of the National Telephone Cooperative Association (NCTA).

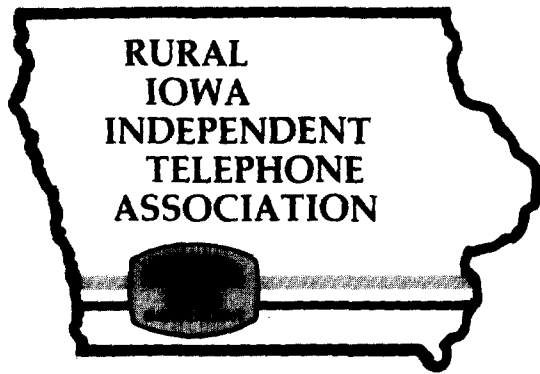
Two copies of RIITA's oral presentation are submitted with this letter pursuant to Section 1.1206(b)(1) of the Commission's Rules, 47 C.F.R. § 1.1206(b)(1).

Sincerely,

Judy Pletcher  
Executive Secretary RIITA

Enclosures

No. of Copies rec'd 021  
List A B C D E



**CASE: Iowa Telecommunications and  
Technology Commission Petition for Waiver,  
CC Docket No. 96-45,  
AAD/USB File No. 98-37.**

Iowa is unique. We have 150 independent telephone companies and we have the state-owned Iowa Communications Network.

**150 Rural Iowa Independent Telephone Companies**

- Averaging over 70 years in business
- 100% digital
- Started laying fiber 22 years ago
- Over 90% are Internet providers
- Quality, often same-day, service
- Live in the communities we serve and contribute back to those communities

**Iowa Communications Network (ICN)**

- Began as a distance learning, interactive video network for education
- Initial cost at under \$90 million
- To date, over \$300 million in state money alone--this does not include school costs, Nat. Guard, FEMA, etc. State money FY '99 over \$39M
- Now providing, in addition to interactive video, voice, data and Internet services

**A Disincentive to Competition**

- Subsidized by our own state tax dollars
- Now lobbying for Universal Service Funds
- Gaming the system - Schools have been instructed, by the Dept. of Education, to file their video rate at \$74.82 per hour. The ICN video rate for schools is \$5 per hour.

**Consequences to Our Customers - Our Communities**

Our state continues to subsidize the ICN. The receipt of universal service funds will allow the ICN to further expand their services in direct competition with private industry. It would continue to erode the telecommunications traffic of the government and educational market segment from the public switched network. The loss of traffic from the public network of private Iowa telephone companies would create future pressure to increase the rates of the remaining customers.

The ICN creates a disincentive to competition in local exchange markets where they have a significant presence and would further expand their presence under a common carrier status.



TERRY E. BRANSTAD, GOVERNOR

DEPARTMENT OF EDUCATION  
TED STILWILL, DIRECTOR

## MEMORANDUM

**DATE:** February 25, 1998  
**TO:** School District Superintendents  
**FROM:** Ted Stilwill, Director  
**SUBJECT:** ICN Information for Universal Service Fund (E-Rate) Applications

The purpose of this memo is to provide you with additional information to help you complete the FCC Form 471 "Schools and Libraries Universal Service Services Ordered and Certification Form" application, which can be submitted as soon as 28 days following your initial 470 application. Specifically, I wanted to provide information about your ICN video rate discount.

As you recall, in an earlier memo this month I discussed listing the ICN video rate on the 471 application form as the actual non-subsidized rate instead of the \$5.00 per hour figure. Using the non-subsidized rate will help the State of Iowa recoup some of its ICN operating costs. I said that I would provide you with that cost figure once it was available. The amount that has been provided by the ICN is \$74.82 per hour. The method for determining this cost has been reviewed by ICN legal counsel. I am asking each of you to use that figure when calculating your ICN video rate costs for 1998.

Be assured, however, that listing the non-subsidized rate will not affect your actual USF discount for ICN use. Let me give an example. If your school is at the 50% discount level, by listing the ICN hourly cost as \$74.82, your actual ICN hourly cost that you will be charged from the ICN will be \$2.50 instead of the \$5.00 pre-USF rate. In other words, both your district and the ICN benefit.

This information should be listed under "Telecommunications Services" under Column 9 of Item 15 in Block 5 of the 471 application form. You will need to estimate your total estimated monthly usage of ICN and multiply \$74.82 times the total estimated monthly hours of usage and then enter that figure.

For all other ICN related services (i.e. Internet, Telephone, etc.) use the rate you are currently being charged from the ICN. This rate can also be found on the ICN rate chart.

## Additional Information For Schools Adding ICN Sites During 1998

If you are installing an ICN classroom this year you are also eligible for certain discounts. In addition, the State of Iowa can also recoup some of its installation costs associated with connecting your classroom. These figures are as follows:

- a.) Eligible costs for classroom installation. This information has been supplied to your AEA, and is referenced as the "Sony Contract" costs. Entering these costs will result in a discount that is provided to you for installing your ICN classroom equipment and cabling. Under Column 1 of Item 16 in Block 5 list "Sony Corporation" and then enter the cost on the Internal Connection line of Column 8.
- b.) Eligible costs for the State portion of the fiber and FOT installation for your classroom. The State will receive the discount for this portion. This portion does not represent any expenditures from your budget. You can find this cost at [http://www3.iptv.org/iowa\\_database/](http://www3.iptv.org/iowa_database/) (the Iowa Data Base Web site). Look under "What's New" and click on Universal Service Fund Information. Select your merged area, find your institution, and look under the column labeled "Connection Type." Under Column 1 of Item 16 in Block 5 enter Iowa Communications Network. Enter the following information on the Internal Connections line of Column 8:

### Connection Type

### Enter This Amount

Fiber  
DS3 or anything else

Thank you for your consideration and support for this activity. As always, should you need additional assistance in completing any part of the USF application process please contact your local Area Education Agency.

c: Area Education Agencies

USF-

## ICN VIDEO USAGE BY AUTHORIZED USER CATEGORY

	Testing	Admin	K-12	Hi-Ed	Other Training	Telmed- Training	Telmed	Fed Usage	Monthly Net Hours	Unaccounted Hours	Total Hours
July	120	1,244	615	7,080	2,853	155	15	601	12,683	264	12,947
August	234	1,274	1,093	3,443	2,350	151	21	550	9,116	706	9,822
September	262	2,399	3,677	11,217	3,873	171	40	752	22,391	2,504	24,895
October	154	2,465	4,816	12,602	4,685	309	54	484	25,569	-	25,569
November	91	1,850	4,095	11,131	3,475	46	48	719	21,455	-	21,455
December	78	2,045	3,874	8,504	1,675	57	45	530	16,808	-	16,808
January										-	
February										-	
March											
April											
May											
June											
TOTAL	939	11,277	18,170	53,977	18,911	889	223	3,636	108,022	3,474	111,496

Percent of Net Hours	0.87%	10.44%	16.82%	49.97%	17.51%	0.82%	0.21%	3.37%	100.00%
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**Legislative Action**  
**Iowa Telecommunications and Technology Commission**  
**FY 1999**

<u>Issue</u>	<u>ITTC Proposed Legislation</u>	<u>Governor's Recommendation</u>	<u>Legislation Considered</u>
<b>Budget Requests</b>			
<b>Debt Service (Treasurer of State)</b>	<b>\$12,782,756</b>	<b>\$12,782,000</b>	<b>\$12,782,000 SF 2418</b>
<b>Subsidization Fund (Treasurer of State)</b>			
FY 1998 Supplemental	\$1,077,000	\$900,000	\$720,000 HF 2395
FY 1999 Appropriation Request	\$4,384,594	\$3,945,134	\$3,735,000 SF 2418
			\$35,134 SF 2418

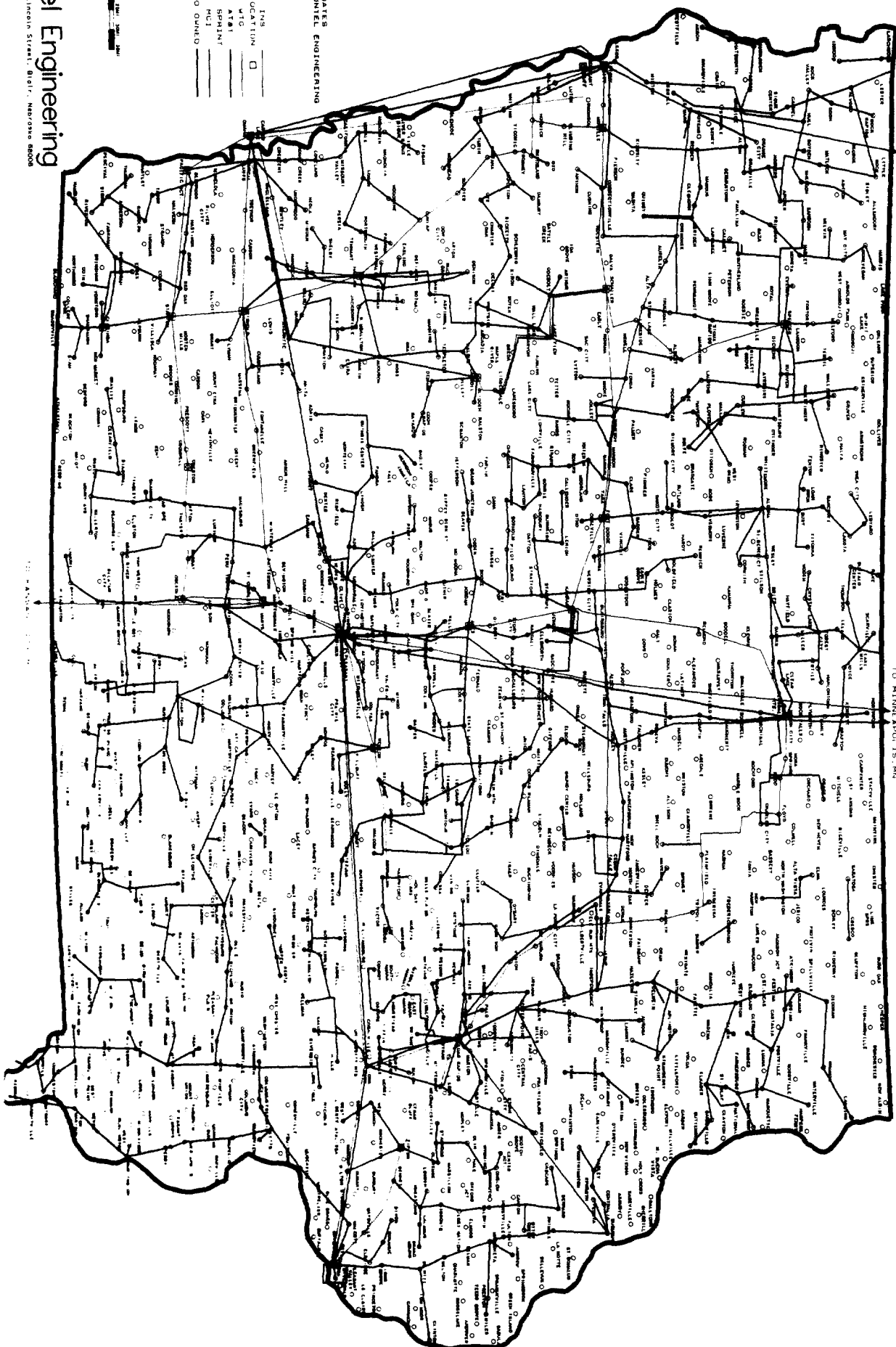
Appropriation made to ICN fund in Treasurer's Office. All receipts will go to this fund in the Treasurer's office and a spending cap of \$32 million is made for operational expenses. Moneys in the fund can only be spent for the purposes designated. If up to \$4 million over the \$32 million is in the account, up to \$4 million can be spent to update the optics of the Network. Federal funds placed in this account can only be spent for the purposes designated.

<b>FTE Positions</b>	<b>96 positions</b> (83 existing) (2 from IPTV) (11 new)	<b>96 positions</b> (83 existing) (2 from IPTV) (11 new)	<b>100 positions SF 2418</b> (83 existing) (2 from IPTV) (15 transfer from PSC to FTE)
<b>Part III FY 1999 Appropriation</b>	<b>\$1,200,000</b>	<b>\$18,904,000</b>	<b>\$18,904,000 SF 2418</b>
	<i>\$1.2 million + \$17.704 appropriated during the 1997 session.</i>	<i>\$1.2 million + \$17.704 appropriated during the 1997 session.</i>	<i>\$1.2 million + \$17.704 appropriated during the 1997 session.</i>
Funds upgrade of Part III analog sites to DS-3 technology. FY 1999 Appropriation made in 1996 did not include enough funding for this upgrade.	Funds upgrade of Part III analog sites to DS-3 technology. FY 1999 Appropriation made in 1996 did not restore the savings of \$1.2 million achieved during years 1 and 2 of the contract.	Funds upgrade of Part III analog sites to DS-3 technology. FY 1999 Appropriation made in 1996 did not restore the savings of \$1.2 million achieved during years 1 and 2 of the contract.	Funds upgrade of Part III analog sites to DS-3 technology. FY 1999 Appropriation made in 1996 did not restore the savings of \$1.2 million achieved during years 1 and 2 of the contract.
Extends Part III time frame for authorized site contracts for sites that will not be ready for connection until FY 2000.		Extends Part III time frame for authorized site contracts for sites that will not be ready for connection until FY 2000.	

# IOWA PRIVATE SECTOR COMM. FIBER

11  
MINNEAPOLIS, MN

10 MINNEAPOLIS, MN



NOTE:  
FOR FUTURE UPDATES  
PLEASE CALL HUNTEL ENGINEERING  
(402) 333-1000

**Huntel Engineering**  
P.O. Box 400, 1848 Lincoln Street, Bldg. Nebraska 80008  
PH (402) 333-1000  
FAX (402) 333-1000  
AUG 15, 1995



Copy

11218 John Galt Boulevard, Suite 202  
Omaha, Nebraska 68137-2320  
402/592-2111  
800-228-0180  
Fax 800/367-5058

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MAY 15 1998

ORIG.

#1  
#2  
#3  
#4

May 12, 1998

J. R. Brumley  
SOUTH SLOPE COOPERATIVE TELEPHONE COMPANY, INC  
P.O. Box 8  
Norway, IA 52318

**SUBJECT:** Revised Universal Service Fund (USF) Support Payments

Dear Mr. Brumley:

Enclosed is a report showing the 2nd Quarter revision for 1998 High Cost Loop Fund (USF) projected support payments for your study area. It shows the National Average Cost Per Loop (NACPL), your Study Area Cost Per Loop (SACPL) and the projected monthly and annual support payments for 1998.

Your 1998 payment was revised because of EC quarterly updates which resulted in a reapportionment to contain the fund within the limits required by the USF Cap.

This payment information will be reported to your State Commission as required by FCC order. If you have any questions, please contact Jeanine Allen at (800) 228-0180.

Sincerely,

Lorrel L. Margelowsky  
Director - North Central Region



COPY

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.

UNIVERSAL SERVICE FUND

1998 PAYMENTS

STUDY AREA.....: 351298

STUDY AREA NAME: SOUTH SLOPE COOP TEL

NECA REGION.....: 7

QUARTER	PERIOD	SACPL	NACPL	MONTHLY
JAN-MAR	971	\$262.01	\$249.00	\$0.00
APR-JUN	971	\$262.01	\$249.00	\$0.00
JUL-SEP	971	\$262.01	\$249.00	\$0.00
OCT-DEC	971	\$262.01	\$249.00	\$0.00
TOTAL ANNUALIZED PAYMENT				\$0.00

THE ABOVE PAYMENTS ARE PROJECTIONS BASED ON LATEST VIEW DATA AS OF APRIL 1998. IN ACCORDANCE WITH FCC REQUIREMENTS, THESE PROJECTED PAYMENTS ARE BEING REPORTED TO YOUR STATE COMMISSION.

THERE IS A CAP ON USE PAYMENTS FOR 1998, SO THE AMOUNTS SHOWN HERE HAVE ALREADY BEEN REDUCED TO KEEP THE FUND BELOW THE STATUTORY LIMIT. FURTHER ADJUSTMENTS MAY BE NECESSARY TO MAINTAIN THE FUND LIMIT.

THESE AMOUNTS DO NOT INCLUDE ADJUSTMENTS FOR CONTRIBUTOR NON-PAYMENTS.

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TELEPHONE CO-OP ASSOC.  
Member Owned and Operated

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## **Mid-Iowa Telephone Co-op Association**

### **Executive Summary**

In the early 1900s telephone service came to the Gilman and Kellogg Iowa. Over time two companies were formed from the farmer owned lines. The Gilman Telephone Company and Kellogg Telephone Co-op Association merged in 1980 to form Mid-Iowa Telephone Co-op Association.

Mid-Iowa Telephone Co-op Associations (Mid-Iowa) serves 1190 subscribers in rural central Iowa using a Stromberg-Carlson digital telephone switch equipped with SS7, Voicemail, CLASS, Customer Calling features.

Mid-Iowa's outside distribution plant consists of 274 miles of buried cable. This includes 90 miles of fiber optic cable for local and interoffice communications facilities. The exchanges are 100% private line using physical plant and AFC digital carrier systems.

Mid-Iowa has 4.8 customers per mile and receives no "High Cost Support." We generate \$1.2 million dollars revenue per year. Our Residential Rate is \$9.00 per month and the Business Rate is \$13.00 per month.

Mid-Iowa provides local Internet Access to its exchange area and 5 other GTE communities. They provide dial-up access with 56K modems for 2043 subscribers. Mid-Iowa provide direct T-1 Internet access to East Marshall Community School's Middle School building in Gilman and Baxter Community Schools in Baxter, Iowa.

#### ***Our Mission is:***

**OUR VISION:** To be the primary provider of quality telecommunications services to our members. Telecommunications service includes voice, video and data services.

**COMMITMENT TO COMMUNITY:** We are committed to improving the quality of life in the communities we serve by volunteering in leadership roles, supporting economic development activities and contributing financially to the community.

**OUR FUNDAMENTAL MISSION:** To offer quality communications services at competitive prices.

**OUR CORE BUSINESS:** Providing communications service which meet the current and future needs of our members.

# USAC

UNIVERSAL SERVICE  
ADMINISTRATIVE CO

RECEIVED SSCTC

APR 25 1998

ORIG.  
#1  
#2  
#3  
#4

Date: 04/20/98

Invoice #: 26239

Company: 801525

South Slope Cooperative Teleph  
210 Tuttle St.  
P.O. Box 8  
Norway, IA 52318 0008

Attn: Dan Pieper

Mail Payment to:  
Universal Service  
Administrative Company  
P.O. Box 371719  
Pittsburgh, PA 15251-7719

## STATEMENT OF ACCOUNT

-----Detail of Charges-----		Amount
Date	Previous Month's Balance	\$2,420.89
04/17/98	High Cost Fund Charges	\$1,063.81
04/17/98	Low Income Fund Charges	\$302.04
04/17/98	Schools & Libraries Fund Chrg	\$1,012.79
04/17/98	Rural Health Care Fund Charges	\$77.91
Total Charges		\$4,877.44

-----Detail of Payments-----		Amount
Date		\$2,420.89
04/09/98		
Total Payments Received		\$2,420.89

*April Universal Service Fund Contribution*

Total Amount Due USAC

Payment is due by 05/15/98

Please remit pink copy with payment to ensure proper credit.

Transactions occurring after 04/16/98 are not reflected on this statement

Direct questions to the USAC Administrator - (973) 560-4400

\$ 2,456.55

=====

Net 6540

PP PP, 4/27/98

105550

Pa. 5/1/98

DOCUMENT OFF-LINE

This page has been substituted for one of the following:

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